Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Bi-weekly Bulletin

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DRY BEANS: SITUATION AND OUTLOOK

Canadian dry bean production has increased significantly during the past ten years and Canada became the third largest exporter of dry beans in the world in 2004, accounting for 11% of world exports. The value of Canadian exports peaked at $227 million in 2003-2004, but fell to $199 million in 2004-2005 and $191 million in 2005-2006. Canadian dry bean exports are forecast to increase in 2006-2007 because of strong demand and higher Canadian supply. This issue of the *Bi-weekly Bulletin* examines the situation and the outlook for dry beans.

WORLD

At the world level, the term *dry beans* refers to several categories of beans. Dry beans produced in North and South America, Europe and Africa belong mainly to the genus *Phaseolus*, which is of American origin. Most of the beans in the genus *Phaseolus* belong to the species *vulgaris*, widely known as common beans. This species includes the classes of beans produced in Canada, such as white pea, pinto, black, dark and light red kidney, cranberry, small red, Great Northern, pink, brown and white kidney. The other significant species under the genus *Phaseolus* is *lunatus*, which includes lima beans. In Asia and Australia, most dry beans produced belong to the genus *Vigna*, which is of Asian origin. Common members of *Vigna* include azuki beans *(Vigna angularis)* and mung beans *(Vigna radiata)*. In addition, in some countries other crops are included under dry beans. For example, garbanzo beans are included under dry beans in the United States (US). Garbanzo beans are actually chickpeas (cicer arietinum) and are included with chickpeas in Canada and other producing countries.

WORLD: DRY BEAN PRODUCTION

	2002 -2003	2003 -2004	2004 -2005	2005 -2006	2006 -2007f
Harvested Area (kha)	25,505	24,260	24,228	25,296	25,200
Average Yields (t/ha)	0.75	0.76	0.76	0.73	0.73
	.....	.....	thousand tonnes	.....	.....
*US**	*1,334*	*1,001*	*780*	*1,166*	*1,022*
*Canada***	*414*	*356*	*220*	*324*	*363*
Mexico	*1,527*	*1,281*	*1,219*	*866*	*1,250*
Total North America***	**3,924**	**3,327**	**2,856**	**3,059**	**3,307**
Brazil	*3,064*	*3,302*	*2,965*	*3,076*	*3,000*
Argentina	*278*	*216*	*130*	*171*	*170*
Total South America***	**3,709**	**3,926**	**3,495**	**3,662**	**3,585**
Total Europe	**592**	**600**	**721**	**632**	**652**
Total Africa	**2,853**	**2,778**	**2,712**	**2,783**	**2,700**
India	*2,610*	*2,341*	*3,171*	*2,660*	*2,800*
China	*2,058*	*2,080*	*1,858*	*2,109*	*1,950*
Myanmar	*1,527*	*1,538*	*1,550*	*1,550*	*1,550*
Indonesia	*335*	*310*	*310*	*310*	*310*
Total Asia***	**8,101**	**7,812**	**8,471**	**8,186**	**8,177**
Australia	**39**	**47**	**53**	**50**	**50**
Total	**19,218**	**18,490**	**18,308**	**18,372**	**18,471**

*** Includes other countries on the continent.

f: forecast, AAFC except USDA for US and Statistics Canada for Canada - December 2006

Source: FAO, except * USDA (excludes garbanzos) and ** Statistics Canada - December 2006

Production

World dry bean production has been variable during the past ten years, but had a slight upward trend. Production during this period ranged from a low of 16.0 million tonnes (Mt) in 1998-1999 to a high of 19.2 Mt in 2002-2003.

Dry beans of the genus *Phaseolus* are produced mainly in North and South America, with Brazil, US, Mexico, Canada and Argentina being the main producing countries. During the past 10 years, dry bean production in Brazil and Mexico was variable, but with no significant trend. However, dry bean production in the US and Argentina has trended downwards.

US production (excluding garbanzos) since 1997-1998 ranged from a low of 0.78 Mt in 2004-2005 to a high of 1.47 Mt in 1999-2000. The top producing states for 2006-2007, in order of importance, were North Dakota, Michigan, Nebraska, Minnesota, Idaho, Colorado and California. The top three classes of dry beans produced in the US were pinto, white pea (navy) and black. Other classes produced include Great Northern, dark and light red kidney, blackeye, small red, pink, cranberry, baby limas, large limas, and small white.

Although China is a relatively small producer of genus *Phaseolus* dry beans, such as black, most of its production of this category of beans is exported.

Canada

Therefore, at times it has significant impact on world markets and prices.

Trade

World trade in dry beans has been trending upwards during the past ten years. In 2004, the latest year for which data is available, exports declined to 3.0 Mt from 2003. The top five exporting countries in 2004, Myanmar, China, Canada, US and Argentina accounted for 79% of world exports. Imports are distributed much more widely than exports, with the top 25 importing countries accounting for 75% of world imports in 2004.

Although most of the US dry bean production is consumed domestically, it was the largest exporter of dry beans in North and South America until Canada surpassed it in 2004. About a quarter of US production is exported, mainly to Latin America and Europe. The US became the second largest, after India, importer of dry beans in the world in 2001, with most of the imports coming from Canada. Most of Canadian and Argentine dry bean production is exported.

WORLD: DRY BEAN EXPORTS

calendar year	2000	2001	2002	2003	2004
	thousand tonnes				
Myanmar	831	1,035	1,101	1,000	906
China	449	641	785	948	715
Canada*	228	253	278	315	318
United States**	349	332	323	321	270
Argentina	265	265	245	217	168
Other	494	492	642	682	621
Total	**2,616**	**3,018**	**3,374**	**3,483**	**2,998**

WORLD: DRY BEAN IMPORTS

calendar year	2000	2001	2002	2003	2004
	thousand tonnes				
India	43	164	249	486	281
United States**	89	136	180	152	154
Japan	141	135	130	134	136
United Kingdom	119	119	116	120	110
Cuba	70	123	70	160	110
Italy	86	98	98	111	103
Brazil	80	130	82	103	79
Mexico	88	127	106	84	62
Venezuela	73	75	62	70	61
Spain	54	52	54	58	58
South Korea	50	52	51	56	58
China	48	44	49	49	58
Algeria	37	45	53	45	56
Philippines	50	51	49	53	53
South Africa	42	23	44	97	50
France	53	55	55	57	50
Pakistan	58	55	93	60	42
Malaysia	39	39	43	40	42
Netherlands	51	54	68	45	38
Angola	35	21	43	37	35
Costa Rica	29	24	32	30	34
Portugal	32	30	37	39	33
Dominican Republic	14	18	13	26	27
Belgium	15	22	26	22	26
Haiti	20	21	16	23	24
Canada*	34	28	35	37	23
Other	434	460	536	665	605
Total	**1,884**	**2,201**	**2,390**	**2,859**	**2,408**

The difference between imports and exports could be attributed to the timing of delivery and international classification differences.

Source: FAO - December 2006, except *Statistics Canada and **USDA

CANADA

Production

Canadian dry bean production has trended upwards during the past ten years. White pea beans remain the largest class of beans produced, but most of the growth has occurred in pinto beans. The other classes of beans, commonly referred to as coloured beans, are; cranberry, black, Great Northern, dark red kidney, light red kidney, small red and pink. In addition, a small amount of white kidney, brown, azuki, otebo and kintoki, and even smaller amounts of yellow eye, soldier, and Jacob's cattle beans are produced. The Canadian dry bean harvest normally starts in late August and ends by mid-October.

Ontario was the largest dry bean producer in Canada until 1998-1999. The following year, Manitoba became the largest producer and remained so until 2003-2004. For the next two years, production in Manitoba dropped sharply due to unfavourable weather. Although production in Manitoba recovered in 2006-2007, Ontario continued to be the largest producer accounting for 41% of Canadian production, with Manitoba accounting for 37%, Alberta for 14%, Quebec for 4% and Saskatchewan for 3%.

Dry beans are a leguminous crop and are able to fix their own nitrogen. Therefore, inoculation is recommended. However, they do not fix as much nitrogen as dry peas, lentils, and fababeans. Dry beans are very sensitive to frost; therefore seeding should be done when the risk of a killing spring frost is over and soil temperature is greater than 10 degrees Celsius. They require 90-110 frost free days, depending on class and variety. Dry beans adapt to a wide range of soils, but do best in medium textured soils such as light loams, sandy loams and silt

loams that offer good water infiltration and good water holding capacity, combined with good internal drainage. Dry beans fit well in crop rotations with crops such as cereal grains and corn.

Marketing

Most of the dry beans in Canada are sold on the open market to dealers. Some dry beans are grown under production contracts which guarantee a price for part of the production. The amount grown under production contracts varies from year to year depending on the prices offered. The remainder of the dry beans are sold at spot prices.

There are two voluntary pooling arrangements for which the Government of Canada guarantees the initial payments and marketing costs under the Price Pooling Program of the *Agricultural Marketing Programs Act* (AMPA).

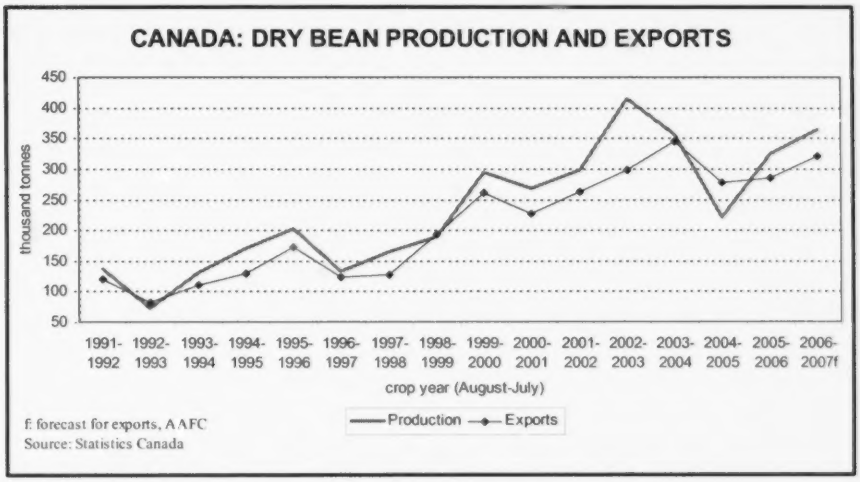
Domestic Use

Canadian domestic use, which includes food, feed, seed, dockage and waste, accounts for only about 15% of production. Food use has been growing because of increased knowledge that dry beans are a healthy food, increased use of dry beans in ethnic cuisine, and the development of quick-cooking and specialty products.

Exports and Imports

Canadian exports have trended upwards along with the increase in production. Although exports increased to all regions of the world, the largest increase was to Europe and the US. The main importing countries are the US, mainly coloured beans, and the United Kingdom (UK), mainly white pea beans. Other major importing countries are Italy, Angola, Cuba, Dominican Republic and Japan. All exports are carried out by bean dealers as 85% of Canadian production is exported. Canadian producers and dealers are far more dependent on exports than their counterparts in most other countries.

Canadian imports of dry beans are mostly from the US. There is a brisk trade in dry beans in both directions across the Canada-US border, because the major growing regions and many dealers are located near the border. Dry beans are also exported to processing plants in both countries.

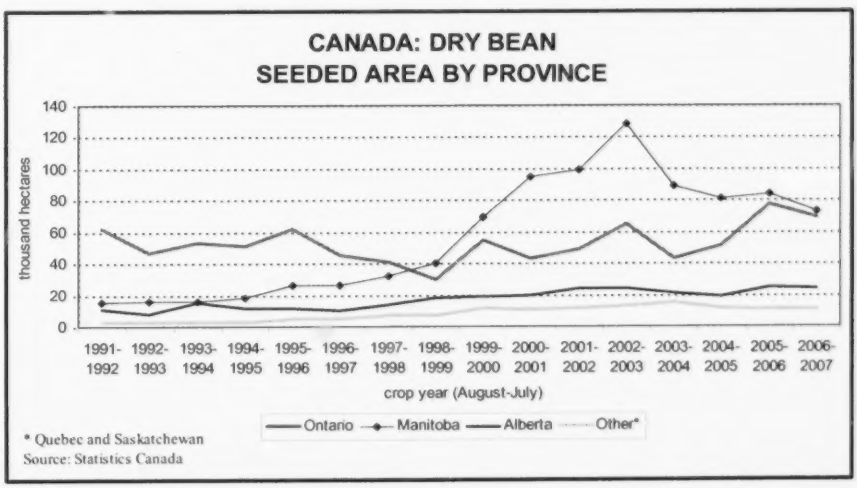


Prices

Canadian dry bean prices are determined on an export basis as 85% of Canadian production is exported. Canadian prices generally follow US prices for the same class of beans adjusted by the exchange rate and transportation cost. Substitution between classes of beans is limited. Therefore, wide price spreads commonly exist between different classes of beans. Supply and demand factors affect the prices for each class of beans independently.

World supply and demand by class is unavailable, but total Canadian and US supply has the largest impact on Canadian dry bean prices. Very high Canadian prices occurred in years when the total Canadian and US seeded area decreased and there were production problems in at least one major producing region in Canada or the US, and when the value of the Canadian dollar compared to the US dollar was low. Normally, prices relate to total Canadian and US supply conditions unless there are unusual international influences, such as high demand from importing countries or unusually high competition from other exporting countries. Among countries other than US and Canada, production levels in Brazil, Argentina, Mexico and China can impact Canadian prices.

Since no formal futures market exists for dry beans, prices are negotiated directly between dealers and customers. The prices negotiated could be for nearby or future delivery.



CANADA: DRY BEAN PRODUCTION BY PROVINCE

August-July crop year	2002 -2003	2003 -2004	2004 -2005	2005 -2006	2006 -2007
	thousands tonnes				
Quebec	19	23	20	18	15
Ontario	126	98	112	179	150
Manitoba	231	166	38	62	136
Saskatchewan*	6	9	7	7	10
Alberta*	32	60	43	58	52
Total	**414**	**356**	**220**	**324**	**363**

Source: Statistics Canada, *includes fababeans

CANADA: DRY BEAN SUPPLY AND DISPOSITION

August-July crop year	2002 -2003	2003 -2004	2004 -2005	2005 -2006	2006 -2007f
Seeded Area (kha)	230	167	163	197	177
Harvested Area (kha)	219	167	126	175	174
Yield (t/ha)	1.89	2.13	1.75	1.85	2.09
	thousand tonnes				
Carry-in stocks	35	95	55	5	35
Production					
White Pea	*202*	*137*	*72*	*118*	*138*
Pinto	*72*	*89*	*43*	*60*	*74*
Black	*47*	*24*	*18*	*26*	*31*
Cranberry	*29*	*33*	*33*	*40*	*27*
Dark Red Kidney	*14*	*13*	*14*	*25*	*20*
Great Northern	*15*	*24*	*13*	*14*	*17*
Light Red Kidney	*11*	*10*	*7*	*15*	*16*
Small Red	*9*	*12*	*4*	*5*	*6*
Pink	*5*	*5*	*3*	*5*	*6*
*Other**	*10*	*9*	*13*	*16*	*28*
Total Production	**414**	**356**	**220**	**324**	**363**
Imports	40	31	28	39	25
Total Supply	**489**	**482**	**303**	**368**	**423**
Exports					
Europe	*135*	*129*	*119*	*119*	*125*
United States	*91*	*118*	*97*	*83*	*95*
Central America and Caribbean	*16*	*40*	*22*	*31*	*35*
Asia	*20*	*17*	*20*	*19*	*20*
Africa	*15*	*25*	*8*	*15*	*20*
South America	*6*	*2*	*3*	*7*	*10*
Oceania	*9*	*8*	*6*	*6*	*8*
Middle East	*6*	*5*	*3*	*4*	*7*
Total Exports	**298**	**344**	**278**	**284**	**320**
Total Domestic Use	96	83	20	49	53
Total Use	**394**	**427**	**298**	**333**	**373**
Carry-out Stocks	**95**	**55**	**5**	**35**	**50**
Stocks-to-use ratio (%)	24%	13%	2%	11%	13%
Seeded Area (kac)	568	413	403	487	437
Harvested Area (kac)	541	413	311	432	430
Yield (lb/ac)	1,687	1,902	1,558	1,652	1,865

*brown, white kidney, azuki, otebo and kintoki, and for 2006-07 fababeans in Saskatchewan and Alberta

f: forecast, AAFC, December 2006

Source: Statistics Canada and AAFC estimates based on industry reports

Organizations

The **Canadian Grain Commission** (CGC) administers quality standards for dry beans. For information, or to access the Official Grain Grading Guide, visit the CGC website: (www.grainscanada.gc.ca). Lower grade beans can usually be upgraded to No. 1 Canada through processing, which includes cleaning and colour sorting.

The **Canadian Special Crops Association** establishes trade rules and serves as a forum for exporters, dealers and brokers involved in the industry of trading Canada's pulse and special crops, including dry beans. The website (CSCA - www.specialcrops.mb.ca) includes a section where buyers can submit a request for prices.

Pulse Canada is an industry organization, with a membership including the CSCA and provincial pulse growers' organizations. It is involved in market development, market access, policy issues and coordination of scientific research. The website (www.pulsecanada.com) contains information on pulse crops, markets, and health and nutrition.

Pulse Innovation Project (PIP)

PIP is managed by Pulse Canada and funded mainly by a $3.2 million contribution, over 3 years starting in 2005, contribution from Agriculture and Agri-Food Canada (AAFC) under the Science and Innovation pillar of the Agricultural Policy Framework. The goal of the PIP is to stimulate innovation in product development by understanding industry needs and targeting research that will increase the use of pulses, including dry beans, into food and industrial products. It will support the development and commercialization of these products by working with food processors and ingredient manufacturers. The results are foods that will be found on grocery store shelves, targeting products that are economic, convenient and enhance nutrition and health. In addition, PIP will explore and support industrial avenues for pulses to ensure the maximum value added opportunities for producers.

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CANADA: GRAINS AND OILSEEDS OUTLOOK

December 13, 2006

For 2006-07, the production of grains and oilseeds in Canada is estimated to decrease by 3% from 2005-06 to 64.4 million tonnes (Mt), 8% above the 10-year average of 60 Mt, based on Statistics Canada's November Production Estimates. Yields are estimated to be near trend, although below 2005-06. In western Canada, production decreased by 6% from 2005-06 to 48.0 Mt, but the grade distribution for all crops was better than normal. In eastern Canada, production increased by 3% to 16.4 Mt, but the rain delayed harvest has resulted in quality problems in the corn crop.

Record supplies of grains and oilseeds are expected for Canada for 2006-07, as the decline in production is more than offset by a 17% rise in carry-in stocks. Exports are forecast to increase by 13%, to a level not seen since 1994-95, mainly because of higher wheat shipments. Total domestic use is expected to rise, partly due to increased use of corn and wheat for ethanol production. Carry-out stocks are expected to fall by 21%, with declines expected for all crops except flaxseed and soybeans. Canadian prices for all crops, except flaxseed, are expected to be higher than in 2005-06 due to strong prices in the US. The Canadian dollar is expected to average stronger than in 2005-06. The major factors to watch are: the biofuel market, southern hemisphere crop development, ocean freight rates and exchange rates.

DURUM WHEAT

For 2006-07, production decreased by 35% from 2005-06 to 3.8 Mt, as a result of lower seeded area and yields. Supply is down by 16%, as record high carry-in stocks partly offset the lower production, but remains well above the 10-year average of 6.5 Mt. Over 80% of the crop grades No. 2 CWAD or better, with protein content near normal. Exports are forecast to be near record high, similar to 2005-06, with increased exports to the US and other markets offsetting lower demand from North Africa and the EU. Carry-out stocks are forecast to fall by about 40% to 2.0 Mt, near the 10-year average. The Canadian Wheat Board (CWB) Pool Return Outlook (PRO) for No.1 CWAD 11.5% durum is up by $2/t from October, at $204/t I/S VC/SL, $23/t above 2005-06. A discount of $7/t to No.1 CWRS 11.5% is forecast, vs. the 10-year average premium of $36/t.

WHEAT (excluding durum)

Production increased by 12% to 23.5 Mt, due to increased area. Supply rose by 14% to 30.0 Mt, 5.0 Mt above the 10-year average. In Ontario, production increased by 50% to 2.6 Mt, while production in western Canada rose by 9% to 20.6 Mt. Over 90% of the CWRS crop grades No.2 CWRS or better, but with slightly lower than normal protein content. Exports are forecast to increase by 35%, due to improved CWRS quality, record Ontario production and reduced export competition. Domestic use is forecast to be unchanged, with increased industrial use for ethanol production offsetting the reduced feed use. Carry-out stocks are forecast to fall by 6% but remain above the 10-year average of 5.5 Mt. The CWB PRO is unchanged from October, and is from $9/t to $47/t higher than 2005-06. The rise in prices is greatest for lower quality wheat, due to the increased production and better quality of the US and Canadian HRS crops.

BARLEY

Production decreased by 20%, due to lower area and yields, resulting in a 16% decrease in supply. Exports are forecast to fall by 23%, as higher malting barley exports only partly offset lower feed barley exports. Despite lower exports and domestic use, carry-out stocks are forecast to fall sharply. The average off-Board feed barley price is projected to rise by $35/t. The CWB PRO for No. 1 CW feed barley is $177/t for Pool A and $175/t for Pool B, up $47/t and $44/t, respectively, from 2005-06. The PRO for SS2R malting barley is $203/t vs. $171/t for 2005-06, due to lower exportable supplies from major competitors and strong import demand from China and the US.

CORN

Production decreased by 2%, due mainly to lower yields. Domestic supply is virtually unchanged, as larger carry-in stocks offset the lower production. Imports are forecast to rise by over 20%, as a result of strong demand for ethanol production and lower barley supply. Carry-out stocks are forecast to drop by 25%. The average Chatham corn price is forecast to rise by 35% from 2005-06, due to higher US corn prices.

OATS

Production increased by 5%, due to higher area. Supply is up slightly as lower carry-in stocks partly offset the higher production. Exports are forecast to rise, as a result of stronger US import demand and less competition from the EU. Feed use and carry-out stocks are expected to decline. The average Chicago Board of Trade (CBoT) nearby futures price is forecast to increase by over $25/t from 2005-06. The price premium for oats over corn at CBoT is expected to remain above the 5-year average.

CANOLA

Production decreased by 6%, due to lower harvested area and yields. Supply is down marginally, as record high carry-in stocks largely offset the decline in output. Exports are forecast to rise slightly, to a record 5.6 Mt, on support from the expanding EU biodiesel sector and reduced Australian production. Domestic crush is forecast to increase slightly, with many of the recently announced plant expansions not expected to begin operation until 2007-08. Carry-out stocks are forecast to fall, but will remain the third highest on record. Prices are expected to rise by over 30% from the low level of 2005-06, on support from rising biodiesel usage, higher world veg-oil prices and higher US soybean prices.

FLAXSEED (excluding solin)

Production fell by 4% as lower yields more than offset higher harvested area. However, supply is up sharply as lower production was more than offset by larger carry-in stocks. Exports are expected to increase, with carry-out stocks forecast to rise to a burdensome 0.5 Mt, vs. the 10-year average of 0.2 Mt. As a result, prices are forecast to decline.

SOYBEANS

Production rose by 12% to a record high 3.5 Mt, due to higher area and yields. Supply is up by 9% due to higher production and carry-in stocks. Imports are expected to fall by 70%. Exports are forecast to be record high because of large supplies. Domestic crush is expected to rise slightly. Prices are forecast to increase due to higher US soybean prices.

FURTHER INFORMATION:

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

December 13, 2006

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (e)	Feed, Waste & Dockage(e)	Total Domestic Use (d)	Carry-out Stocks	Average Price (f)
	thousand ha		*t/ha*	*thousand metric tonnes*								*$/t*
Durum												
2004-2005	2,230	2,141	2.32	4,962	1	6,752	3,218	254	570	1,047	2,487	201
2005-2006	2,341	2,297	2.58	5,915	1	8,402	4,269	248	455	867	3,266	181*
2006-2007F	1,760	1,738	2.20	3,821	1	7,088	4,250	255	393	838	2,000	204**
Wheat Except Durum												
2004-2005	8,169	7,722	2.71	20,898	13	25,203	11,593	2,845	4,525	8,175	5,435	190
2005-2006	7,753	7,530	2.77	20,860	23	26,318	11,498	2,822	4,624	8,343	6,477	181*
2006-2007F	8,964	8,796	2.67	23,456	19	29,952	15,500	3,200	4,340	8,352	6,100	211**
All Wheat												
2004-2005	10,399	9,862	2.62	25,860	14	31,955	14,812	3,099	5,095	9,221	7,922	
2005-2006	10,094	9,826	2.72	26,775	23	34,720	15,768	3,070	5,079	9,209	9,743	
2006-2007F	10,725	10,534	2.59	27,277	20	37,040	19,750	3,455	4,733	9,190	8,100	
Barley												
2004-2005	4,678	4,050	3.26	13,186	83	15,371	1,863	268	9,417	10,073	3,435	112
2005-2006	4,440	3,889	3.21	12,481	46	15,962	2,975	163	9,196	9,698	3,289	110
2006-2007F	3,861	3,362	2.98	10,005	40	13,333	2,300	260	8,758	9,433	1,600	135-155
Corn												
2004-2005	1,185	1,072	8.24	8,837	2,419	12,399	230	2,395	7,961	10,368	1,802	100
2005-2006	1,124	1,096	8.63	9,461	1,906	13,168	242	2,220	8,693	10,925	2,001	96
2006-2007F	1,127	1,093	8.48	9,268	2,300	13,569	200	3,000	8,854	11,869	1,500	120-140
Oats												
2004-2005	1,995	1,315	2.80	3,683	26	4,497	1,675	118	1,575	1,848	974	131
2005-2006	1,853	1,326	2.59	3,432	20	4,427	1,877	95	1,423	1,678	872	144
2006-2007F	1,923	1,431	2.52	3,602	15	4,489	2,000	100	1,418	1,689	800	160-180
Rye												
2004-2005	284	165	2.53	418	1	462	122	48	145	210	130	68
2005-2006	226	148	2.42	359	1	490	123	48	132	197	170	81
2006-2007F	201	130	2.33	302	1	473	110	48	178	243	120	90-110
Mixed Grains												
2004-2005	220	111	2.87	318	0	318	0	0	318	318	0	
2005-2006	209	109	2.78	303	0	303	0	0	303	303	0	
2006-2007F	245	107	2.72	291	0	291	0	0	291	291	0	
Total Coarse Grains												
2004-2005	8,362	6,713	3.94	26,442	2,528	33,046	3,889	2,828	19,416	22,816	6,341	
2005-2006	7,852	6,568	3.96	26,036	1,973	34,350	5,218	2,526	19,746	22,801	6,331	
2006-2007F	7,356	6,122	3.83	23,467	2,356	32,154	4,610	3,408	19,498	23,524	4,020	
Canola												
2004-2005	5,319	4,938	1.57	7,728	108	8,444	3,412	3,031	375	3,446	1,587	309
2005-2006	5,491	5,283	1.83	9,660	140	11,386	5,412	3,423	492	3,956	2,019	278
2006-2007F	5,373	5,322	1.71	9,105	150	11,274	5,600	3,475	404	3,924	1,750	350-390
Flaxseed												
2004-2005	728	528	0.98	517	39	648	468	n/a	n/a	157	24	n/a
2005-2006	842	803	1.35	1,082	38	1,144	537	n/a	n/a	272	336	276
2006-2007F	842	826	1.26	1,041	20	1,397	650	n/a	n/a	272	475	245-285
Soybeans												
2004-2005	1,229	1,178	2.59	3,048	393	3,581	1,122	1,610	457	2,189	270	248
2005-2006	1,176	1,169	2.70	3,161	339	3,770	1,315	1,493	339	1,960	495	220
2006-2007F	1,238	1,226	2.88	3,533	100	4,128	1,400	1,600	503	2,228	500	215-255
Total Oilseeds												
2004-2005	7,277	6,643	1.70	11,293	540	12,674	5,002	4,641	832	5,792	1,881	
2005-2006	7,510	7,255	1.92	13,904	516	16,300	7,263	4,916	830	6,188	2,850	
2006-2007F	7,452	7,373	1.86	13,679	270	16,799	7,650	5,075	907	6,424	2,725	
Total Grains And Oilseeds												
2004-2005	26,038	23,219	2.74	63,596	3,082	77,675	23,702	10,568	25,342	37,830	16,144	
2005-2006	25,456	23,650	2.82	66,715	2,512	85,370	28,248	10,511	25,655	38,198	18,924	
2006-2007F	25,533	24,030	2.68	64,423	2,646	85,993	32,010	11,938	25,138	39,138	14,845	

(a) Crop year is August-July except corn and soybeans which are September-August.

(b) Excludes imports of products. (c) Includes exports of products for wheat, oats, barley, and rye. Excludes exports of oilseed products.

(d) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use

(e) Soybean food and industrial use is based on data from the Canadian Oilseed Processors Association. Totals excludes flaxseed due to data confidentiality.

(f) Crop year average prices: No.1 CWRS 11.5% protein and No.1 CWAD 11.5% (CWB final price I/S St. Lawrence/Vancouver), Barley (No. 1 feed, WCE, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBoT nearby futures); Rye (No.1 CW, I/S Saskatoon); Canola (No. 1 Canada, WCE, cash, I/S Vancouver); Flaxseed (No. 1 CW, WCE, cash, I/S Thunder Bay); Soybeans (No. 2, I/S Chatham).

* Canadian Wheat Board Pool Return Outlook (PRO) – Sept. 28, 2006 ** CWB PRO -- Nov. 23, 2006

F: Forecast; Agriculture and Agri-Food Canada: December 13, 2006

Source: Statistics Canada, Cereals and Oilseeds Review Series, Cat. No. 22-007

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

CANADA: PULSE AND SPECIAL CROPS OUTLOOK

December 13, 2006

For 2006-07, total Canadian production of pulse and special crops decreased by 17%, from 2005-06, to 4.44 million tonnes (Mt), based on Statistics Canada's (STC) November production estimates. Average yields were lower than trend for dry peas and mustard seed, higher than trend for dry beans, chickpeas and sunflower seed, and at near trend levels for lentils, canary seed and buckwheat. Crop abandonment was lower than normal. Harvest progress was ahead of 2005-06 and ahead of normal. Quality is, in general, normal to higher than normal.

Total supply decreased by 11% to 5.97 Mt, as higher carry-in stocks partly offset the decrease in production. Exports and carry-out stocks are forecast to decrease because of the lower supply, while domestic use remains relatively stable. Average prices, over all types, grades and markets, are forecast to increase for dry peas, lentils, chickpeas, mustard seed, canary seed and sunflower seed, decrease for dry beans and be the same for buckwheat. The stronger Canadian dollar, compared to the US dollar, is expected to have the largest impact on dry bean and sunflower seed prices, as Canadian prices for these crops are directly related to US prices. The main factors to watch are the exchange rates of the Canadian dollar against the US dollar and other currencies, ocean shipping rates and growing and harvest conditions in other major producing countries, especially India, Pakistan and Mexico.

DRY PEAS

For **2006-07**, production and supply decreased, as lower yields more than offset the 3% increase in seeded area. Production was similar to 2005-06 for the yellow type, but decreased for green and other types. World supply decreased by 10% to 11.07 Mt, mainly because of lower production in Canada, France and Australia, and lower carry-in stocks. Canadian exports are expected to decrease because of the lower Canadian supply and lower demand in EU feed markets. Carry-out stocks are forecast to decrease, with a stocks-to-use ratio (s/u) of 12%. The average price, over all types, grades and markets, is expected to rise from 2005-06 due to the lower supply and because a larger portion of the dry peas are expected to be sold into the higher priced food market.

LENTILS

For **2006-07**, production and supply decreased due to a 36% lower seeded area and lower yields. Production decreased sharply for large, medium and small green lentils, but increased for red lentils. Carry-in stocks were high for green lentils, but low for red lentils. World supply decreased by 10% to 4.15 Mt, mainly because of lower production in Canada, Australia and the US. Canadian exports are expected to increase because of a higher Canadian supply of red lentils and sharply lower production in Australia, which produces red lentils. Carry-out stocks are forecast to decrease, with a s/u of 16%. The average price is expected to increase because of the lower world supply, with the price of green lentils increasing more than for red lentils. Over all types and grades, the average price is forecast to increase.

DRY BEANS

For **2006-07**, production and supply increased, as a 10% lower seeded area was more than offset by lower abandonment and higher yields. Production increased for white pea, Great Northern, pinto and black beans, decreased for dark red kidney and cranberry beans, and remained relatively stable for light red kidney, pink and small red beans. In the US, production fell by 12% to 1.02 Mt, while supply decreased by only 8% to 1.20 Mt due to higher carry-in stocks. Canadian exports are forecast to increase due to the higher supply and strong demand. Carry-out stocks are expected to increase, with a s/u of 13%. The average price, over all classes and grades, is forecast to decrease because of the higher Canadian supply, increased share of lower priced classes of beans in total production, and the stronger Canadian dollar.

CHICKPEAS

For **2006-07,** production and supply increased, as an 82% higher seeded area more than offset lower yields. Production increased for all types, large kabuli, small kabuli and desi. World supply is similar to 2005-06 at 8.9 Mt, as an increase for the kabuli type is more than offset by a decrease for the desi type. Although Canadian exports are forecast to increase because of the higher supply and strong demand, carry-out stocks are expected to rise, with a s/u of 18%. The average price of the large kabuli type is forecast to fall because of higher world supply, while average prices for the small kabuli and desi types are forecast to increase because of lower world supply, stronger demand and higher quality. Therefore, the average price, over all types and grades, is forecast to increase.

MUSTARD SEED

For **2006-07**, production and supply decreased because of a 32% lower seeded area and lower yields. Production decreased for all types, yellow, brown and oriental. A significant portion of the carry-in stocks were low quality seed. Exports are expected to rise slightly due to higher demand and carry-out stocks are forecast to decrease sharply, with a s/u of 48%. The average price, over all types and grades, is forecast to increase due to the lower supply.

CANARY SEED

For **2006-07**, production and supply decreased due to a 37% lower seeded area and lower yields. World supply decreased by 21% to 345,000 t. Canadian exports are expected to decrease slightly because of higher prices, while carry-out stocks decrease sharply, with a s/u of 52%. The average price is forecast to rise sharply because of the lower supply.

SUNFLOWER SEED

For **2006-07**, production and supply increased as a 19% lower seeded area was more than offset by lower abandonment and higher yields. Production increased for both types, confectionery and oilseed. US supply decreased by 29% to 1.39 Mt. Canadian exports are forecast to rise sharply because of the higher supply and strong demand. Carry-out stocks are expected to increase, with a s/u of 22%. The average price, over both types, is forecast to increase because of the lower total US and Canadian supply.

BUCKWHEAT

For **2006-07**, Canadian production and supply decreased because of a lower seeded area and lower yields. The average price is forecast to be the same as in 2005-06.

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CANADA: PULSE AND SPECIAL CROPS SUPPLY AND DISPOSITION

December 13, 2006

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (d)	Carry-out Stocks	Average Price (e)
	thousand ha		t/ha	thousand metric tonnes						$/t
Dry Peas										
2002-2003	1,297	1,050	1.30	1,365	41	1,681	626	745	310	210
2003-2004	1,303	1,271	1.67	2,124	24	2,458	1,316	937	205	175
2004-2005	1,388	1,345	2.48	3,338	57	3,600	1,853	1,152	595	135
2005-2006	1,366	1,319	2.35	3,100	76	3,771	2,566	725	480	120
2006-2007f	1,410	1,378	2.04	2,806	70	3,356	2,200	806	350	135-165
Lentils										
2002-2003	601	387	0.91	354	9	494	320	119	55	390
2003-2004	554	536	0.97	520	5	580	367	175	38	420
2004-2005	778	750	1.28	962	10	1,010	451	314	245	310
2005-2006	884	862	1.48	1,278	8	1,531	669	387	475	230
2006-2007f	567	555	1.25	693	10	1,178	730	288	160	270-300
Dry Beans										
2002-2003	230	219	1.89	414	40	489	298	96	95	445
2003-2004	167	167	2.13	356	31	482	344	83	55	495
2004-2005	163	126	1.75	220	28	303	278	20	5	650
2005-2006	197	175	1.85	324	39	368	284	49	35	495
2006-2007f	177	174	2.09	363	25	423	320	53	50	470-500
Chickpeas										
2002-2003	221	154	1.01	156	9	345	105	160	80	300
2003-2004	63	63	1.08	68	2	150	74	51	25	330
2004-2005	47	39	1.31	51	4	80	47	28	5	385
2005-2006	79	73	1.42	104	7	116	64	42	10	490
2006-2007f	144	144	1.26	182	5	197	120	47	30	520-550
Mustard Seed										
2002-2003	289	255	0.60	154	9	196	114	22	60	595
2003-2004	340	328	0.69	226	2	288	121	75	92	390
2004-2005	317	304	1.01	306	1	399	119	86	194	295
2005-2006	212	206	0.98	201	0	395	133	72	190	265
2006-2007f	144	140	0.83	116	1	307	135	72	100	310-340
Canary Seed										
2002-2003	287	227	0.78	176	0	206	160	26	20	575
2003-2004	251	243	0.93	226	0	246	165	14	67	345
2004-2005	356	318	0.95	301	0	368	163	37	168	230
2005-2006	190	186	1.22	227	0	395	185	20	190	195
2006-2007f	119	115	1.02	117	0	307	180	22	105	305-335
Sunflower Seed										
2002-2003	100	95	1.65	157	21	200	105	60	35	440
2003-2004	119	115	1.30	150	16	201	96	80	25	405
2004-2005	87	59	0.92	54	35	114	32	64	18	490
2005-2006	93	75	1.19	89	26	133	46	60	27	345
2006-2007f	75	75	2.04	153	15	195	90	70	35	345-375
Buckwheat										
2002-2003	12	12	1.00	12	1	16	6	7	3	340
2003-2004	9	9	1.11	10	1	14	5	7	2	355
2004-2005	9	7	0.71	5	1	8	4	4	0	355
2005-2006	7	6	1.33	8	1	9	4	5	0	355
2006-2007f	6	6	1.17	7	1	8	4	4	0	340-370
Total Pulse And Special Crops (c)										
2002-2003	3,036	2,399	1.16	2,788	130	3,627	1,734	1,235	658	
2003-2004	2,805	2,732	1.35	3,680	81	4,419	2,488	1,422	509	
2004-2005	3,145	2,948	1.78	5,237	136	5,882	2,947	1,705	1,230	
2005-2006	3,028	2,902	1.84	5,331	157	6,718	3,951	1,360	1,407	
2006-2007f	2,642	2,587	1.72	4,437	127	5,971	3,779	1,362	830	

(a) August-July crop year.
(b) Excludes products.
(c) Includes Pulse Crops (dry peas, lentils, dry beans, chick peas) and Special Crops (mustard seed, canary seed, sunflower seed, buckwheat)
(d) Includes food, feed, seed, waste and dockage. Total domestic use is calculated residually.
(e) Producer price, FOB plant. Average over all types, grades and markets.
f: forecast, Agriculture and Agri-Food Canada, December 13, 2006

Source: Statistics Canada and industry consultations.

A. SELLING PRICE OF BULK FEED INGREDIENTS AT SELECTED POINTS

December 11, 2006

SELECTED POINT	REFERENCE PERIOD	PRICE BASIS	(1) WHEAT	OATS	BARLEY	CORN	PRICE BASIS	SOYBEAN MEAL	CANOLA MEAL	MILL-FEEDS	MEAT MEAL	FISH MEAL	ANIMAL FAT	GLUTEN MEAL	GLUTEN FEED	FEED PEAS	DEHY ALFALFA	FEATHER MEAL
Vancouver	December 11, 2006	FOB	195.00	N/A	192.00	214.00		276.00	180.00	155.00		1012.50	520.00					385.00
BC (4) (7)	December 4, 2006		195.00	N/A	192.00	216.00		276.00	171.00	155.00		1012.50	520.00					385.00
Calgary	December 11, 2006	FOB	165.00	N/A	164.00	196.00		274.00			150.00	1100.00	470.00					360.00
AB (4)	December 4, 2006		164.00	N/A	164.00	197.00		274.00			150.00	1100.00	470.00					360.00
Saskatoon	December 11, 2006	FOB	160.00	210.00	147.50	175.00		275.00	N/A		160.00	N/A	470.00			170.00		360.00
SK (4)	December 4, 2006		160.00	180.00	145.00	180.00		275.00	N/A		160.00	N/A	470.00			157.50		360.00
Winnipeg	December 11, 2006	FOB	160.00	140.00	135.00	170.00		257.00	N/A		255.00	1137.50	515.00					380.00
MB (4) (9)	December 4, 2006		161.00	140.00	136.00	170.00		257.00	N/A		255.00	1137.50	515.00					380.00
Thunder Bay	December 11, 2006	In-Store	157.00	N/A	176.00													
ON (8)	December 4, 2006		151.55	N/A	168.00													
Lake Ports	December 11, 2006	On Board				164.58												
USA (3)	December 4, 2006	Vessel				172.12												
Bay Ports	December 11, 2006	In-Store	213.50	200.00	160.00													
ON	December 4, 2006		213.50	200.00	190.00													
Chatham	December 11, 2006	Track				150.74												
ON	December 4, 2006					151.48												
Toronto	December 11, 2006	N/A					FOB				239.00		465.00	N/A	N/A		285.00	290.00
ON (5)	December 4, 2006										243.00		465.00	N/A	N/A		285.00	290.00
Hamilton	December 11, 2006	N/A						255.84	N/A									
ON	December 4, 2006							256.17	N/A									
Eastern	December 11, 2006	FOB				153.50												
ON	December 4, 2006					162.00												
London	December 11, 2006	FOB												340.00	75.00			
ON	December 4, 2006													340.00	75.00			
Port Colborne	December 11, 2006	FOB								115.00				340.00	75.00			
ON	December 4, 2006									108.50				340.00	75.00			
Cardinal	December 11, 2006	FOB												345.00	90.00			
ON	December 4, 2006													345.00	90.00			
Montreal	December 11, 2006		218.00	165.00	190.00	198.00		274.93	197.53	133.33	180.00	N/A	468.00	N/A	N/A		270.00	360.00
QC (5)	December 4, 2006		215.00	165.00	190.00	189.00	FOB	277.04	194.53	131.67	180.00	N/A	468.00	N/A	N/A		270.00	360.00
Trois-Rivières	December 11, 2006	In-Store	216.10		203.00	192.31												
QC	December 4, 2006		208.10		196.50	199.60												
St. Jean QC (2)	December 11, 2006	FOB	198.33	148.33	177.50	182.56		278.15										
St. Hyacinthe QC	December 4, 2006		197.33	148.33	177.50	183.30		277.65										
Quebec	December 11, 2006	In-Store	219.30	N/A	206.14	191.32		274.94	232.47									
QC	December 4, 2006		219.04	N/A	203.14	196.26		274.22	229.15									
Truro	December 11, 2006	Track	255.98	N/A	114.46	218.77		327.37	234.10		299.60		664.00					315.00
NS	December 4, 2006		253.73	N/A	228.91	223.17	FOB	321.27	234.10		299.60		664.00					315.00
Truro	December 11, 2006	Water	N/A	N/A	N/A	N/A												
NS	December 4, 2006	& Truck	N/A	N/A	N/A	N/A												
Halifax	December 11, 2006	In-Store	232.00	N/A	N/A	217.25		319.00	254.10	297.50		N/A						
NS (6)	December 4, 2006		231.25	N/A	N/A	221.10		324.00	265.35	297.50		N/A						

Source: Market Analysis Division. Agriculture and Agri-Food Canada; Thunder Bay prices are based on the Winnipeg Commodity Exchange (WCE) market close **US$1.00 = CAN$ 1.1501** **Closing date December 8/2006**

Contact: André Doumbè Statistical Clerk Telephone: (204) 983-0581 Fax: (204) 983-5524 Email: doumbea@agr.gc.ca

N/A = not available

Footnotes: All prices in Canadian dollars per metric tonne based on survey respondents.
Grain grades (unless otherwise specified) are: Western or Eastern Feed Wheat. Feed Oats. No.1 Canada Western or Eastern Barley. No.2 Canada Yellow Corn. No.3 US Yellow Corn.
Soybean Meal 48 % Protein. Canola Meal based on minimum standard of 35% Protein. Fish Meal: white fish and/or herring meal. Gluten Meal 60% Protein. Gluten Feed 21% Protein.

(1) Wheat 3CWRS (2) Canadian Corn #3 or #2 (3) US Corn (4) Fish Meal from West Coast 63% Protein (5) Fish Meal 60% Protein (6) Herring Fish Meal (7) Fraser Valley (8) Wheat & Barley (Basis - Cash Price WCE) (9) Oats 3CW

B. CASH PRICES AND REPLACEMENT VALUES

December 11, 2006

PRAIRIE GRAINS

Selected Points	Price Basis		This week December 11, 2006	Last week November 27, 2006	Month ago November 14, 2006	Year Ago December 12, 2005
From: Thunder Bay(WCE) (2)	In-Store	Wheat	184.00	183.00	183.00	125.00
(CBOT)		Oat	260.50	257.50	264.50	210.00
(Lethbridge)		Barley	167.00	162.00	155.00	112.00
To: Bayport, ON (1)	In-store	Wheat	207.61	206.61	206.61	148.61
		Oat	N/A	N/A	N/A	N/A
		Barley	194.39	189.39	182.39	139.39
Montreal, QC (1)	In-store	Wheat	212.03	211.03	211.03	153.03
		Oat	N/A	N/A	N/A	N/A
		Barley	199.31	194.31	187.31	144.31
Moncton, NB	Truck via Halifax	Wheat	234.25	233.25	233.25	175.25
		Oat	N/A	N/A	N/A	N/A
		Barley	223.50	218.50	211.50	168.50
Truro, NS	Truck via Halifax	Wheat	228.22	227.22	227.22	169.22
		Oat	N/A	N/A	N/A	N/A
		Barley	221.00	216.00	209.00	166.00
Halifax, NS (1)	In-store	Wheat	219.28	218.28	218.28	160.28
		Oat	N/A	N/A	N/A	N/A
		Barley	207.30	202.30	195.30	152.30
Stephenville, NL	Track / Truck via Sydney	Wheat	282.63	281.63	281.63	223.63
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A
Melfort, SK		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Bayport, ON		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Montreal, QC		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Moncton, NB		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Truro, NS		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track / Truck via Sydney	Barley	N/A	N/A	N/A	N/A
Stephenville, NL		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A

Selected Points	Price Basis		This week December 11, 2006	Last Week November 27, 2006	Month Ago November 14, 2006	Year Ago December 12, 2005
Corn						
From: US Lake Port	On Board Vessel		164.58	170.63	153.79	91.06
To: Montreal, QC (1)	In-store		183.62	189.67	172.83	110.10
From: Chicago (IL)	Track		164.58	166.27	151.12	86.50
To: Montreal, QC	Track		193.44	195.13	179.98	115.36
From: Chatham, ON	Track		150.74	151.45	142.78	110.36
To: Montreal, QC	Track		174.61	175.32	166.65	134.23
Soymeal 48% Protein						
From: Hamilton, ON			255.84	263.23	259.92	261.91
To: Montreal, QC	Track		280.17	287.56	284.25	286.24
Moncton, NB	Track		298.92	306.31	303.00	304.99
Truro, NS	Track		302.14	309.53	306.22	308.21
Stephenville, NL	Track / Truck via Sydney		350.77	358.16	354.85	356.84

1. Prices include ONE month of storage and interest charges n/a = not available
2. Thunder Bay prices are based on the Winnipeg Commodities Exchange market close (Cash price)

Source: Market Analysis Division, Agriculture and Agri-Food Canada
Contact: André Doumbé: Statistical Clerk (204) 983-0581 Fax: (204) 983-5524 e-mail: doumbea@agr.gc.ca

Footnotes: All prices quoted in Canadian dollars per metric tonne.
Grain grades (unless otherwise specified) are: Canada Western Feed Wheat, Feed Oats, No.1 Canada Western Barley, No.2 Canada Yellow Corn, No.3 US Yellow Corn.
Replacement value for grain in-store Montreal can be applied to Sorel, Trois-Rivières and Quebec.
Replacement values reflect quoted cash prices at shipping points plus the full transfer costs including duty and exchange where applicable

In August 2006, it was announced that Pulse Canada was allocated an additional $525,800 from AAFC in support of their international strategy until March 2008. Pulse Canada will focus its strategy on increasing demand for pulses in new or emerging markets within the more than 160 countries that have purchased Canadian pulses in the last four years. It will also seek to increase demand by promoting the health benefits of pulses in international markets.

USE

Dry beans are used almost entirely for human food. They are either canned, packaged dry for retail sale or processed into products such as refried beans, pork and beans, stews, soups, chilli, bean flour, bean paste, fibre biscuits, and snack food. Only a small amount of low grade, weather-damaged beans are used for livestock feed.

About 85% of dry beans are consumed in the countries where they are produced. India, Brazil, Mexico, US, and China are the world's largest consumers of dry beans. However, China and India consume mainly genus *Vigna* beans, especially mung beans. On a regional basis, per capita consumption is the highest in Latin America at about 15 kilograms (kg) per annum, and is predominantly of coloured beans such as pinto, black, red kidney, and cranberry.

Healthy Diet

Pulses, including dry beans, are increasingly being used in health-conscious diets to promote general well-being and reduce the risk of illness. They are low in fat, low in sodium, cholesterol free, high in protein, and are an excellent source of both soluble and insoluble fibre, complex carbohydrates, and vitamins and minerals, especially B vitamins, potassium and phosphorus.

Since dry beans are low in fat, low in sodium and are cholesterol free, they are an excellent heart healthy food that may be beneficial to the prevention of cardiovascular disease. Dry beans are an inexpensive, high quality source of protein. Studies have shown that whole pulses (including dry beans) have demonstrated cholesterol and lipid lowering effects in humans.

Studies have reported the beneficial effects of soluble dietary fibre on cardiovascular disease in humans, especially in lowering both total serum and LDL-cholesterol levels. In addition, clinical research has shown soluble fibre to be beneficial in the management of type-2 diabetes. Insoluble dietary fibre consumption can be beneficial to a healthy colon and has been associated with reducing the risk of colon cancer. Diets high in fibre have demonstrated beneficial effects on weight loss because they deliver more bulk and less energy.

Dry beans are an excellent source of the B vitamin *folate* which is an essential nutrient. Folate consumption during pregnancy has been shown to reduce the risk of neural tube defects.

Flour made from dry beans is gluten free and is a very nutritious option for people with celiac disease.

SITUATION AND OUTLOOK

World: 2006-2007

World production is estimated to increase slightly, from 2005-2006, to 18.47 Mt.

Canada and US: 2006-2007

Canadian dry bean seeded area decreased by 11%, from 2005-2006, to 177,000 hectares (ha). White pea bean area decreased by 13% to 67,000 ha and coloured bean area decreased by 9% to 110,000 ha.

Canadian dry bean production increased by 12% to 363,000 tonnes (t), as the lower seeded area was more than offset by lower abandonment and higher yields. Canadian production increased for white pea, pinto, black and Great Northern beans, decreased for dark red kidney and cranberry beans, and remained relatively stable for pink, small red and light red kidney beans.

Canadian supply of dry beans increased by 15% to 423,000 t and total use is expected to increase by 12% to 373,000 t. Carry-out stocks are forecast to increase, with a stocks-to-use ratio of 13%.

US production decreased by 12% to 1.02 Mt (excluding garbanzos). Production decreased for the major classes of dry beans, with the exception of white pea, black, and pink for which production increased, and cranberry for which production was stable. US seeded area decreased only slightly, but yields were significantly lower than in 2005-2006. Supply decreased by 8% to 1.20 Mt, as higher carry-in stocks offset some of the decrease in production. The top three bean classes, pinto, white

UNITED STATES AND CANADA:
TOTAL DRY BEAN SUPPLY AND DISPOSITION

*crop year**	2002 -2003	2003 -2004	2004 -2005	2005 -2006	2006 -2007f
	thousand tonnes				
Carry-in Stocks	160	345	310	140	215
Production**	1,736	1,357	1,000	1,490	1,385
Total Supply	**1,896**	**1,702**	**1,310**	**1,630**	**1,600**
Use	1,551	1,392	1,170	1,415	1,410
Carry-out Stocks	345	310	140	215	190
	US$1=CAN$				
Exchange Rate	1.495	1.338	1.242	1.155	1.125

* Canada (August-July); US (September-August)
** excludes garbanzo beans (chickpeas)
Total supply excludes imports because US imports are mainly from Canada and Canadian imports are mainly from the US.

f: forecast, AAFC, December 2006
Source: USDA, Statistics Canada, US Dry Bean Convention, other industry reports and AAFC estimates

pea (navy) and black, accounted for 43%, 19% and 11% of US dry bean production, respectively, in 2006-2007.

Total Canadian and US supply decreased by 2% to 1.6 Mt. Total use and carry-out stocks are expected to decrease slightly, due to the lower supply. Total Canadian and US supply increased for white pea, pink and black beans, decreased for pinto, Great Northern, light and dark red kidney, small red and cranberry beans. The lower total US and Canadian supply is expected to support Canadian prices of most classes of dry beans, but some offsetting pressure is expected from the stronger Canadian dollar. Average prices are forecast to increase for pinto, light red kidney, cranberry, Great Northern and small red beans, decrease for white pea and black beans, and remain stable for dark red kidney and pink beans.

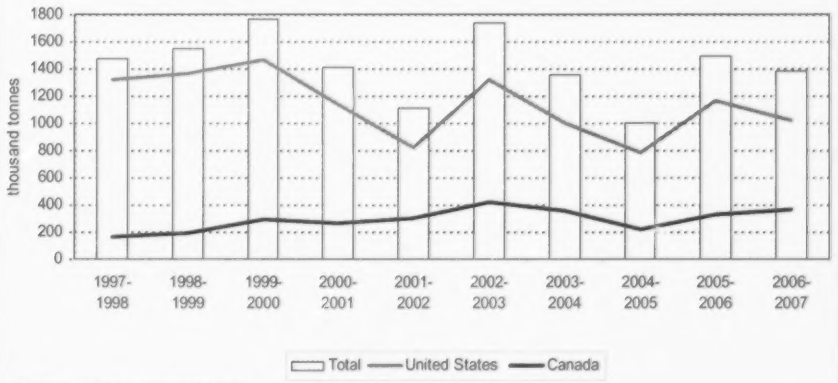
Canada and US: 2007-2008

The seeded area for dry beans is expected to decrease in both countries, as prices are not very attractive for most classes of beans and in many cases are not competitive with other crops. Other factors are expected to affect seeded area are: prices offered in production contracts, dry bean prices in the early spring and weather conditions during seeding.

US Farm Bill Proposal

There is a proposal in the US to eliminate the Fruit and Vegetable Planting Restriction in the next US Farm Bill because of a World Trade Organization challenge to US programs. Under the present legislation, if fruits and vegetables are planted for harvest on program land (base acres), growers lose direct and countercyclical payments on that acreage for that year. Dry beans and large kabuli chickpeas are included in the fruit and vegetables classification. A report from the USDA Economic Research Service concluded that eliminating planting restrictions would increase the seeded area for dry beans by 27,000 acres or 1.6% of the 2006 seeded area. The report also concludes that the gross returns per acre for dry beans would decline by 4.9%. A decline in US dry bean prices would pressure Canadian prices of dry beans.

CANADA AND US: DRY BEAN PRODUCTION



Source: Statistics Canada and USDA

Exports to Mexico

Mexico, one of the largest importers of dry beans in the world, could potentially become an important market for Canada. Under the *North American Free Trade Agreement*, a 15 year transition period, ending in 2008, was established for the import of dry beans from the US and Canada. For 2007, Canada has a tariff rate quota (TRQ) of 2,203 t and an over TRQ tariff of 11.8%. Although imports within the TRQ are tariff-free, importers have to bid for the right to import through an auction. Dry beans imported for seeding already have a zero tariff rate. Canadian dry bean exports to Mexico are expected to trend upwards during the next decade as the tariff rate is lowered and eliminated in 2008. One concern is that the government of Mexico will be pressured by producers to apply non-tariff barriers to limit imports once the tariffs are eliminated. The Mexican demand is mainly for coloured beans, especially pinto and black.

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Season's Greetings

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CLASSES OF DRY BEANS PRODUCED IN CANADA

WHITE PEA *(also known as navy and alubias chica)*
- produced in Manitoba and Ontario
- small white oval beans used mainly for canning and dry packaging
- seeds/100 grams (g): 450-525
- mainly canned in tomato sauce; also used in soups, stews, pork and beans, baked bean dishes, salads and purees
- main export destinations are: UK, other EU, US

PINTO
- produced mainly in Manitoba and Alberta, some in Saskatchewan and Ontario
- medium oval beans, with white to beige background and brown mottled flecks
- seeds/100 g: 260-300
- used for refried beans and dry packaging, a favourite for Mexican and South American dishes; beans turn solid pink when cooked
- main export destinations are: Central America and Caribbean, South America, Angola

BLACK *(black turtle, preto)*
- medium black oval beans produced mainly in Manitoba and Ontario, some in Quebec and Alberta
- seeds/100 g: 500-550
- used for canning and dry packaging
- popular in Caribbean, Mexican and South American cuisine, traditional in soups, black beans and rice, stews and sauces; adds colour to salads
- main export destinations are: Central America and Caribbean, South America, US

LIGHT RED KIDNEY
- Produced in Ontario and Manitoba
- kidney shaped, brownish red in colour
- seeds/100 g: 170-220
- used for canning and dry packaging
- used in salads, casseroles, red beans and rice, chili and Mexican cuisine
- main export destinations are: EU, the Middle East, Central America and Caribbean, South America

DARK RED KIDNEY
- produced mainly in Ontario, some in Manitoba and Quebec
- kidney shaped, dark red in colour
- seeds/100 g: 150-200
- used for canning and dry packaging
- favoured bean for making New Orleans red bean dish, soups, casseroles and chili
- main export destinations are: EU, US

CRANBERRY *(romano, speckled sugar)*
- produced in Ontario and Quebec, some in Manitoba and Alberta
- burgundy mottled beans with a white to buff seed coat
- seeds/100 g: 145-225
- used for dry packaging & canning; in soups, stews, chili & salads
- a favourite for Italian cuisine
- main export destinations are: UK, Central America and Caribbean, South America

GREAT NORTHERN *(large white)*
- produced mainly in Alberta, some in Manitoba and Saskatchewan
- medium white oval beans
- seeds/100 g: 280-330
- a frequent choice for soups, stews, casseroles, baked dishes and mixing with other varieties
- used for dry packaging
- main export destinations are: Northern Africa, the Middle East, EU

PINK
- produced mainly in Manitoba and Alberta, some in Saskatchewan
- pinkish beige beans
- seeds/100 g: 330-400
- used for refried beans and dry packaging
- popular in barbecue style dishes, chili, soups, salads and casseroles
- main export destinations are: Central America and Caribbean, South America, US

SMALL RED *(red Mexican)*
- produced mainly in Alberta, some in Manitoba and Saskatchewan
- dark red beans
- seeds/100 gm: 275-330
- used for canning and dry packaging
- adds sparkle to bean salads; can be used in any coloured bean recipe including soups, salads, chili and Creole dishes
- main export destinations are: Central America and Caribbean, South America, US

WHITE KIDNEY *(Cannellini, alubia type)*
- flat white bean
- produced in Ontario
- seeds/100 g: 150-200
- used for canning and dry packaging
- make a perfect low fat base for dips and spreads
- main export destination is: EU

BROWN *(dutch brown)*
- produced in Ontario
- tan in colour, with a white hilum
- seeds/100 g: 210-300
- used for canning and dry packaging
- main export destination is: Netherlands

AZUKI, KINTOKI AND OTEBO
- azuki and kintoki are red beans, otebo are white beans
- produced in Ontario
- exported to Japan
- Kintoki consumed whole as sweetened cooked beans
- azuki and otebo used to make sweet bean paste

US AND CANADA: TOTAL SUPPLY AND DISPOSITION FOR MAJOR CLASSES OF DRY BEANS

	2002 -2003	2003 -2004	2004 -2005	2005 -2006	2006 -2007f
	thousand tonnes				
WHITE PEA					
Carry-in Stocks	79	150	65	24	45
Production	442	251	169	299	331
Total Supply	521	401	234	323	376
Use	371	336	210	278	286
Carry-out Stocks	150	65	24	45	90
Average Producer Price*					
$/t	364	463	617	452	419
$/lb	0.165	0.210	0.280	0.205	0.190
GREAT NORTHERN					
Carry-in Stocks	21	10	55	33	15
Production	85	125	56	86	70
Total Supply	106	135	111	119	85
Use	96	80	78	104	80
Carry-out Stocks	10	55	33	15	5
Average Producer Price*					
$/t	573	474	419	397	441
$/lb	0.260	0.215	0.190	0.180	0.200
PINTO					
Carry-in Stocks	35	100	115	43	104
Production	656	563	397	632	510
Total Supply	691	663	512	675	614
Use	591	548	469	571	569
Carry-out Stocks	100	115	43	104	45
Average Producer Price*					
$/t	419	452	705	364	441
$/lb	0.190	0.205	0.320	0.165	0.200

	2002 -2003	2003 -2004	2004 -2005	2005 -2006	2006 -2007f
	thousand tonnes				
LIGHT RED KIDNEY					
Carry-in Stocks	3	6	6	2	9
Production	65	60	44	65	50
Total Supply	68	66	50	67	59
Use	62	60	48	58	56
Carry-out Stocks	6	6	2	9	3
Average Producer Price*					
$/t	650	617	717	507	518
$/lb	0.295	0.280	0.325	0.230	0.235
DARK RED KIDNEY					
Carry-in Stocks	3	6	4	4	11
Production	63	51	45	72	57
Total Supply	66	57	49	76	68
Use	60	53	45	65	64
Carry-out Stocks	6	4	4	11	4
Average Producer Price*					
$/t	562	617	705	529	529
$/lb	0.255	0.280	0.320	0.240	0.240
PINK					
Carry-in Stocks	0	4	4	1	2
Production	33	33	27	35	39
Total Supply	33	37	31	36	41
Use	29	33	30	34	35
Carry-out Stocks	4	4	1	2	6
Average Producer Price*					
$/t	507	474	617	430	430
$/lb	0.230	0.215	0.280	0.195	0.195

	2002 -2003	2003 -2004	2004 -2005	2005 -2006	2006 -2007f
	thousand tonnes				
SMALL RED					
Carry-in Stocks	1	2	5	2	9
Production	36	38	31	46	34
Total Supply	37	40	36	48	43
Use	35	35	34	39	38
Carry-out Stocks	2	5	2	9	5
Average Producer Price*					
$/t	529	496	551	419	430
$/lb	0.240	0.225	0.250	0.190	0.195
CRANBERRY					
Carry-in Stocks	0	4	5	2	5
Production	45	42	41	47	34
Total Supply	45	46	46	49	39
Use	41	41	44	44	37
Carry-out Stocks	4	5	2	5	2
Average Producer Price*					
$/t	507	540	595	551	639
$/lb	0.230	0.245	0.270	0.250	0.290
BLACK					
Carry-in Stocks	11	44	35	20	8
Production	188	81	103	108	148
Total Supply	199	125	138	128	156
Use	155	90	118	120	126
Carry-out Stocks	44	35	20	8	30
Average Producer Price*					
$/t	364	441	474	474	441
$/lb	0.165	0.200	0.215	0.215	0.200

Manitoba spot price, No.1 Canada grade

f: forecast, AAFC, December 2006
Source: USDA, Statistics Canada, US Dry Bean Convention, other industry reports and AAFC estimates – December 2006